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ART UNIT	PAPER NUMBER
3688	

NOTIFICATION DATE	DELIVERY MODE
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Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):
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	Application No.	Applicant(s)
Office Action Summary	10/748,682	KONINGSTEIN, ROSS
	Examiner	Art Unit	
	KHANH H. LE	3688	

-- *The MAILING DATE of this communication appears on the cover sheet with the correspondence address* --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE <u>3</u> MONTH(S) OR THIRTY (30) DAYS,
WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.
- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed
  after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133).
  Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any
  earned patent term adjustment. See 37 CFR 1.704(b).

Status

1) ☒ Responsive to communication(s) filed on <u>07 November 2008</u>.

2a) ☐ This action is **FINAL**.   2b) ☒ This action is non-final.

3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is
closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

4) ☒ Claim(s) <u>1-118</u> is/are pending in the application.

    4a) Of the above claim(s) <u>84-118</u> is/are withdrawn from consideration.

5) ☐ Claim(s) _____ is/are allowed.

6) ☒ Claim(s) <u>1-33, 34-64, 65-75, and 76-83</u> is/are rejected.

7) ☒ Claim(s) <u>45-47,49,57,70,72 and 81</u> is/are objected to.

8) ☒ Claim(s) <u>84-93, 94-103, and 104-118</u> are subject to restriction and/or election requirement.

Application Papers

9) ☐ The specification is objected to by the Examiner.

10) ☒ The drawing(s) filed on <u>07 November 2008</u> is/are: a) ☒ accepted or b) ☐ objected to by the Examiner.

    Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).

    Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).

11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).

    a) ☐ All b) ☐ Some * c) ☐ None of:

      1. ☐ Certified copies of the priority documents have been received.

      2. ☐ Certified copies of the priority documents have been received in Application No. _____.

      3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage
         application from the International Bureau (PCT Rule 17.2(a)).

    * See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

1) ☒ Notice of References Cited (PTO-892)

2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)

3) ☒ Information Disclosure Statement(s) (PTO/SB/08)
Paper No(s)/Mail Date <u>See Continuation Sheet</u>.

4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date. _____.

5) ☐ Notice of Informal Patent Application

6) ☐ Other: _____.

Continuation of Attachment(s) 3). Information Disclosure Statement(s) (PTO/SB/08), Paper No(s)/Mail Date :12/02/2005; 08/08/2005;11/14/2005 .

DETAILED ACTION

1.   This Office Action is responsive to the response filed. Claims 1-118 were
pending. The Applicant elected, with traverse, the invention of Group 1, directed to claims 1-33,
34-64, 65-75, and 76-83. Thus these are herein examined. Of these, claims 1 (method) , 34
(apparatus) , 65 and 76 are independent.

Priority

2.   Applicant's claim for the benefit of prior-filed application Provisional Application
SN 60516281, filed 11/03/2003) under 35 U.S.C. 119(e) or under 35 U.S.C. 120, 121, or 365(c)
is acknowledged. Applicant has not complied with one or more conditions for receiving the
benefit of an earlier filing date under 35 U.S.C. 119(e) as follows:

The later-filed application must be an application for a patent for an invention which is
also disclosed in the prior application (the parent or original nonprovisional application or
provisional application). The disclosure of the invention in the parent application and in the later-
filed application must be sufficient to comply with the requirements of the first paragraph of 35
U.S.C. 112. See *Transco Products, Inc. v. Performance Contracting, Inc.*, 38 F.3d 551, 32
USPQ2d 1077 (Fed. Cir. 1994).

The disclosure of the prior-filed application fails to provide adequate support or
enablement in the manner provided by the first paragraph of 35 U.S.C. 112 for one or more
claims of this application. Morphing is not disclosed in Application No. 60516281.
Accordingly, claims 1-33, 34-64, 65-75, and 76-83 are not entitled to the benefit of the prior
application.

Since this application repeats a substantial portion of prior application No. 60516281 and
adds and claims additional disclosure not presented in the prior application and names an
inventor or inventors named in the prior application, it may constitute a continuation-in-part of
the prior application. Should applicant desire to obtain the benefit of the filing date of the prior
application, attention is directed to 35 U.S.C. 120 and 37 CFR 1.78. It is noted that the
specification and the oath would have to be corrected accordingly.

Claim objections

3.   **Claims 45-47, 49, 57, 70, 72, 81 are objected to for the following reasons:**

Claims 45-47 and 49: it seems claims 45-47 and 49 should be dependent on claim 44 rather than 34. For examination purposes it is taken that claims 45-47 and 49 dependent on claim 44.

Claims 57, 72, 81 (dependent on claims 56, 71, 76) are objected to because "preload the graphic" lacks antecedent basis since none of claims 56, 71, 76 recites a graphic.

Claim 70 (dependent on claim 65): "the one or more user requests" lacks antecedent basis. because in claim 65 there is only " receiving **a request**", i.e. not "one or more user requests". (It seems correcting base claim 65 to parallel the language of base claims 1 or 34 would fix this problem. See claims 12 and 43 (that are claimed properly) which seem to parallel claim 70).

Clarification or correction is needed for all the above.

Claim Rejections - 35 USC § 112

4.   The following is a quotation of the second paragraph of 35 U.S.C. 112:

The specification shall conclude with one or more claims particularly pointing out and distinctly claiming the subject matter which the applicant regards as his invention.

5.   Claims 6-7, 25, 38-39, 34-64 and 59 are rejected under 35 U.S.C. 112, second paragraph, as being indefinite for failing to particularly point out and distinctly claim the subject matter which applicant regards as the invention.

Claims 6, 38: "the menu option in the morphing advertisement" lacks antecedent basis. Menu options recited earlier relate to the "additional information" of "the second display format". For prior art search, claim 6 is interpreted as "wherein the menu options, upon selection, retrieve web content specified in association with [[the menu option in]] the morphing advertisement delivered.

Claims 7, 39 are rejected as being dependent upon rejected base claims.

Claim 25: The scope of the claim is unclear with the indefinite term "**sufficient**" in "wherein the instructions include data **sufficient** to enable the end user system to display the contents of the second display format". Further it is not clear how "data" (which is taken as different from computer-executable code) can be equated to "instructions" (interpreted as computer-executable code). Appropriate correction is required.

Claim 34 recites an apparatus comprising "a database system for storing…" and "an advertising system that receives.." both of which may read on software only.
(Foldoc.com, the free online dictionary of computing, gives the following definitions of a "system", at http://foldoc.org/index.cgi?query=system:

> **"system**
>
> 1. The <u>supervisor</u> program or <u>operating system</u> on a computer.
>
> 2. The entire computer system, including input/output devices, the <u>supervisor</u> program or <u>operating system</u> and possibly other <u>software</u>.
>
> 3. Any large program.
>
> 4. Any method or <u>algorithm</u>."

Since an apparatus claim needs to recite structural elements, the lack thereof, here, makes the claim unclear. Appropriate correction is required.

Claims 35-64, dependents of claim 35, are rejected based on their dependency.

Claim 59 (dependent on claim 34):

"The apparatus of claim 34 wherein the second display format covers a different profile than the first display format." It is not clear what this phrase means since profile is nowhere mentioned in the specification except in this claim. It is not clear what this profile pertains to or whose profile is involved.

Note: **No prior art is applied to this claim as substantial guesswork is presented.** See In Re Steele, 305 F.2d 859, 862-63, 134 USPQ 292 (CCPA 1962) which held that an art rejection should not be applied when there is substantial guesswork involved in determining the scope of the claim or substantial confusion as to the interpretation of the claims because such rejection would be based on unsupported speculative assumptions.

Appropriate corrections are required for all the above.

Claim Rejections - 35 USC § 101

6.   35 U.S.C. 101 reads as follows:
Whoever invents or discovers any new and useful process, machine, manufacture, or
composition of matter, or any new and useful improvement thereof, may obtain a patent
therefor, subject to the conditions and requirements of this title.

**7a.   Claims 1-33 are rejected under 35 U.S.C. 101 because the claimed inventions
are directed to non-statutory subject matter.**

Based on Supreme Court precedent, a method/process claim must (1) be tied to another
statutory class of invention (such as a particular apparatus) (see at least Diamond v. Diehr, 450
U.S. 175, 184 (1981); Parker v. Flook, 437 U.S. 584, 588 n.9 (1978); Gottschalk v. Benson, 409
U.S. 63, 70 (1972); Cochrane v. Deener, 94 U.S. 780, 787-88 (1876)) or (2) transform
underlying subject matter (such as an article or materials) to a different state or thing (see at least
Gottschalk v. Benson, 409 U.S. 63, 71 (1972)). A method/process claim that fails to meet one of
the above requirements is not in compliance with the statutory requirements of 35 U.S.C. 101 for
patent eligible subject matter.
    Further, under In re Bilski, 2007-1130, slip op. (Fed. Cir. Oct. 30, 2008), "the machine-
or-transformation test is the only applicable test and must be applied, in light of the guidance
provided by the Supreme Court and this court, when evaluating the patent-eligibility of process
claims." (Id., slip op. at 29).

Here claim 1 does not recite any steps that necessarily involve machine implementation
because even though a computer is cited in the preamble, none of the *recited steps positively
require use of a machine.* Contrasted with claim 65, it appears that claim 1 is broader. It only
recites "delivering" instead of actually "displaying" by an end user system (which would be
considered a machine) as in claim 65. No machine appears to be required in claim 1, except
maybe to store, which may imply use of a computer or machine, however such machine-
implemented storing activity appears to be an "insignificant extra solution activity" to the main
inventive step of delivering the morphing advertisement.

Nor is there any underlying subject matter that is transformed to a different state or thing
in claim 1. Thus claim 1 is directed to non-statutory subject matter.

Claims 2-33, dependents of claim 1, suffer from the same defects.

The examiner recommends inserting "by a computer" after each of the main method steps
such as "receiving, at a computer, a request for one or more advertisements related to a subject
matter of interest; delivering by a computer, at least one morphing advertisement..".

7b.   Method claim 65 is considered statutory because "displaying the first display
format of the morphing advertisement in the electronic document at the end user system"
involves the end user system which is considered a machine. **Claims 66-75, dependents of
claim 65, are statutory based on their dependency on claim 65.**

**7c.   Claims 34-64 are rejected under 35 U.S.C. 101 because the claimed
inventions are directed to non-statutory subject matter.**

Claim 34 recites an apparatus comprising "a database system for storing..." and "an
advertising system that receives.." which both are interpreted as reading on software (see
discussion of 35 USC § 112, 2nd paragraph above), which is not recorded on a computer-
readable medium. Per MPEP 2106.01, functional descriptive material (i.e. software) is non-
statutory when claimed as descriptive material per se and not structurally or functionally
interrelated to a computer-readable medium. Thus Claim 34 is deemed directed to non-
statutory subject matter.

Claims 35-64, dependents of claim 35, contain similar language, thus suffer from the
same deficiencies as set forth above. Thus claims 35-64 are deemed directed to non-statutory
subject matter.

Claim Rejections - 35 USC § 102

8.   The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that
form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –
(e) the invention was described in (1) an application for patent, published under section
122(b), by another filed in the United States before the invention by the applicant for
patent or (2) a patent granted on an application for patent by another filed in the United
States before the invention by the applicant for patent, except that an international
application filed under the treaty defined in section 351(a) shall have the effects for

purposes of this subsection of an application filed in the United States only if the international application designated the United States and was published under Article 21(2) of such treaty in the English language.

9.   **Claims 1-12, 25, 26, 28, 34-43, 56, 58, 60, 65-70, 71, 73 -74 and 76-80, 82-83, are rejected under 35 U.S.C. 102(e) as being anticipated by Petropoulos et al. (US 2003/0146939 A1) (hereinafter Petropoulos).**

Claims 1, 34, 65 and 76:

Petropoulos discloses:

A computer-implemented method for advertising in an electronic document, the computer-implemented method comprising the steps of:

storing a plurality of advertisements associated with one or more subject matters of interest to users, the plurality of advertisements comprising at least one morphing advertisement (Fig 1, items 60, 53, 54 are morphing ads in a search result lists; Fig 7, item 753: data store; [0073]: search results made of documents or webpages relevant to a subject searched are interpreted to include advertisements which are stored in data store 753);
receiving a request for one or more advertisements related to a subject matter of interest (Fig 7, item 751; [0073]);
delivering at least one morphing advertisement, the morphing advertisement including instructions to enable an end user system to change from a first display format to a second display format different from the first display format based on one or more user requests to display the second display format (Fig 1, items 60, 53, 54 are morphing ads in a search result lists because mousing over or clicking them (i.e. using embedded instructions) allows viewing preview information such as image 57 of Figure 1 (which reads on the second display format) see e.g. abstract, [0025]) or can be lists of URLs that can be expanded further or sortable webpages (which also read on the second display format) (see [0026-0027]; [0029]). Also see [0042] which discusses preview window 55 of Fig 1 (which also reads on the second display format) obtained by mousing over a first display format such as Fig 1, items 60, 53, 54.

PETROPOULOS further discloses:

claims 2, 35, 66, and 77 (dependent on claims 1, 34, 65 and 76):
wherein the second display format comprises additional information about the item being advertised compared to the first display format (see e.g. [0042]: e.g. hyperlinks in preview window allows retrieving more information; [0010]);

claims 3, 36 (dependent on claims 2, 35):
wherein the additional information comprises one or more images (see e.g. [0032]; Fig 1, item "57");

claims 4-5, 37 (dependent on claims 2, 36):
wherein the additional information comprises menu options comprising a link to at least one other web page that enable the user to request additional content(e.g. [0028]; [0029]: see discussion re. "cascading concept" and "directory structure" which read on menu options; [0030]: more search results reading on a menu; [0032]: preview information can be an advertisement with inherent links; [0042]: preview information include hyperlinks for mouse over or click on; or [0054], user may initiate a menu or control system for controlling the function of the available preview functions);

claims 6, 38 (dependent on claims 4, 37):
wherein the options, upon selection, retrieve web content specified in association with the morphing advertisement delivered (e.g. [0028]; [0029]: see discussion re. "cascading concept" and "directory structure" which read on menu options; [0030]: more search results);

claims 7, 39 (dependent on claims 6, 38):
wherein the content retrieved comprises content provided by or affiliated with a host entity that performs the storing, receiving and delivering steps ([0025-26], preview information displays actual content or the web page referred by or associated with the first result delivered by the host entity; or [0029]: further contextual information re. URL pertaining to web page);

claims 8-9, 40, 67 and 78 (dependent on claims 2, 35, 65 and 76):
wherein the additional information comprises audio elements ([0043]) or an animation ([0043]: "any other sensory information" reads on including animation);

claims 10, 41, 68, and 79 (dependent on claims 1, 34, 65 and 76):
wherein the one or more user requests comprises selection of an expansion icon presented as part of the first display format ([0037]-[0038]: preview icons, Fig. 1, items 63 or 64, used to open (i.e. expand to) preview pane 57 when moused over or clicked);

claims 11, 42, 69, and 80 (dependent on claims 1, 34, 65 and 76):
wherein the one or more user requests comprises a mouse-over of the first display format (e.g. [0038], user mousing over display icon to open preview display; or [0036]: mousing over defined area 60 of Fig 1 opens webpage 57);

claims 12, 43, and 70 (dependent on claims 1, 34, and 65): wherein the one or more user requests (interpreted as "to display the second format") comprises a preference specified by the user ([0038], line 5: "user options" or [0042]: user may control attributes of preview window).;

claims 25, 56, 71 (dependent on claims 1, 34, and 65):
wherein the instructions include data **sufficient** to enable the end user system to display the contents of the second display format (Petropoulos implicitly discloses such instructions to allow interpreting user action such as mouse over of the electronic ad and displaying the second display format, as discussed in e.g. [0042]: preview information displayed over the current window or in a window which already exists on results page such as a preview window that can be located anywhere on the results page);

claim 26 (dependent on claims 25)
wherein the second display format comprises a graphic (e.g. Fig 1 item 57);

Claims 28, 58, 73 -74 and 82-83 (dependent on claims 1, 34, 65, 76):
wherein the second display format covers different area in an interface of the end user system than the first display format (e.g. Figs 2 or 3, preview window is different from search results window that reads on first display format as well); wherein 2nd display format covers more area than 1st display format (for claims 82, 73) (Petropoulos, e.g. [0027]; [0037]); wherein 2nd display format covers one or more advertisements (for claims 74, 83) (Petropoulos, e.g. [0027]; [0037]);

Claim 60 (dependent on claim 44): wherein the second display format covers a different location than the first display format (e.g. location of Fig 1 item 55 (2nd display format) as compared to location of items 53, 54 (first display format)).

Claim Rejections - 35 USC § 103

10.   The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject

matter sought to be patented and the prior art are such that the subject matter as a whole
would have been obvious at the time the invention was made to a person having ordinary
skill in the art to which said subject matter pertains. Patentability shall not be negatived
by the manner in which the invention was made.

**11.   Claims 33, 64, and 75 are rejected under 35 U.S.C. 103(a) as being
unpatentable over Petropoulos et al. (US 2003/146939 A1) (hereinafter
Petropoulos).**

Claims 33, 64, and 75 (dependent on claims 1, 34, and 65):

Petropoulos further discloses second display formats are approved prior to being
delivered ([0042], last few lines: filtering (i.e. approval) for content appropriateness in second
display formats before transmission; [0032], last sentences: web page creators control second
display formats with tags).
        However PETROPOULOS does not explicitly disclose such controls or approval
applicable to the first display formats.
        Thus it would have been obvious to one having ordinary skill in the art at the time of the
invention (herein a "PHOSITA") to apply the same controls or approval that PETROPOULOS
teaches as to the second format, to the first display formats, for the same disclosed advantages.

**12.   Claims 27, 57, 72, 81 are rejected under 35 U.S.C. 103(a) as being
unpatentable over Petropoulos as applied to claims 26, 56, 71, or 76 in view of
Housman et al., US 20030224340.**

Claims 27, 57, 72, 81 (dependent on claims 26, 56, 71, 76):

Petropoulos discloses claims 26, 56, 71, 76 wherein the second display format comprises
a graphic (e.g. Fig 1 item 57); however it does not disclose wherein the instructions include an
instruction to preload the graphic before an end user request to display the second display format.
        However Housman teaches preloading requested images would increase display speed
([0054]).
        Thus it would have been obvious to a PHOSITA to add this Housman teaching to
Petropoulos because "[t]his obviously is much faster than having the user wait for his
potentially-slow communications link to download the next requested answer" (Housman,
[0054]).

13.   **Claims 13-24, 44-55 are rejected under 35 U.S.C. 103(a) as being
unpatentable over PETROPOULOS as applied to claims 1 or 34 above, and further in view
of Meisel 7035812.**

Claims 13, 44:
PETROPOULOS discloses a method as in Claim 1 or 34 above and discloses monitoring
user interaction with the preview information (including length of interaction; clicks: [0073]) in
order to revise the original rankings (based on relevance) of search results (**[0072]-[0079]**).

PETROPOULOS does not explicitly disclose search results ranked by monetary
considerations, thus does not explicitly disclose:

storing a price parameter (in association with one or more advertisements) (interpreted as
e.g. a cost per click or CPC) for certain performance by end users viewing the advertisement
(interpreted as e.g. a click);

and upon receiving a request for an advertisement, determining one or more
advertisements to deliver based at least in part on the price parameter (associated with a plurality
of advertisements associated with the subject matter of interest).

But Meisel does (see e.g. abstract: "bid amount" is interpreted as cost per click).

Thus it would have been obvious to one having ordinary skill in the art at the time of the
invention (herein a "PHOSITA") to add Meisel's bidding system to PETROPOULOS to allow
also ranking search results based monetary considerations.

Claims 14, 45 (dependent on claims 13, 44):
Note: "granting a ranking bonus for morphing advertisements" is interpreted as giving
advertisers a bonus in order to encourage them to use morphing ads as per specification at
paragraph [0093].

PETROPOULOS and MEISEL disclose a method as in Claim 13, 44 above and but
neither discloses granting a ranking bonus for morphing advertisements in determining the one
or more advertisements to deliver.

Official Notice is taken that is old and well-known at the time of the invention to give
incentives to encourage customers to try new products or services or new features thereof. See
e.g. Partovi, US 20020126813 A1 (abstract: incentives for trying new phone features).

Thus in the search listings business, since ranking is valuable to advertisers, it would
have been obvious to one having ordinary skill in the art at the time of the invention (herein a
"PHOSITA") to give an incentive tied to rankings to encourage advertisers to use the new form
of morphing advertisement until they can be convinced of its effectiveness.

Claims 15, 46 (dependent on claims 13, 44):

PETROPOULOS and MEISEL disclose a method as in Claims 13, 44 above.
PETROPOULOS does not but Meisel does teach the determining step determines ranking of
advertisements based on an effective revenue per impression determined based on bid amount
and click-through-rate ("effective revenue per impression" is interpreted as a product of click
through rate and cost per click, also called ecpm or ecpc. Meisel at col. 19 lines 45-55: each bid
can be expressed in units of ecpm or ecpc. Since ranking in Meisel is based on bids, thus ranking
is based ecpm or ecpc). Thus it would have been obvious to a PHOSITA to add this feature of
Meisel to PETROPOULOS to allow ranking per effective revenue per impression.

Claims 16-17, 47-48:

PETROPOULOS and MEISEL disclose a method as in Claims 15, 46 above. Neither
teach comprising the step of granting a bonus for morphing advertisements by taking an action
causing a change to (or enhancing) the effective revenue per impression (or a price parameter)
for the morphing advertisement.

Official Notice is taken that is old and well-known at the time of the invention to give
incentives (or bonuses) to encourage customers to try new products or services or new features
thereof. See e.g. Partovi, US 20020126813 A1 (abstract: incentives for trying new phone
features).

Thus in the search listings business, since ads ranking is valuable to advertisers, and since
ecpm (effective revenue per impression) determines rankings (see Meisel in discussion of claim
15 and 46 above), it would further been obvious to a PHOSITA that the bonus could be
expressed in advantageous ecpm terms, (e.g. by increasing the ecpm for a particular ad based on
which its ranking is determined without increasing the charge to the advertiser) thereby
advantageously affect the rankings for ads using the new morphing ad format.

Claims 18, 49:

PETROPOULOS and MEISEL disclose a method as in Claims 17, 48 above. Neither
explicitly teaches wherein the advertiser is charged based on the price parameter but not the
increased price parameter value when the morphing advertisement achieves one or more
performance parameters (e.g. when the end user clicks on a morphing ad). However as discussed
above in claims 16-17, 47-48, a bonus is given to advertisers to try the new morphing ad format,
in forms of an enhanced ecpm that advantageously influence that ranking. Thus it would have
been obvious to a PHOSITA that the advertiser of PETROPOULOS and MEISEL should only be
charged the price parameter based on her bid (and not the enhanced or increased price parameter
value), otherwise the bonus would have been negated.

Claims 19, 50:

PETROPOULOS and MEISEL disclose a method as in Claims 13, 44 above. Neither
explicitly teaches the advertiser is charged an increased amount for a morphing advertisement.
However it would have been obvious to a PHOSITA to charge more for the morphing
advertisement if it later proves to be an effective format and demand from advertisers allows,
and/or its cost of production justifies, increasing its price.

Claims 20-21, 23, 51-52, 54:

PETROPOULOS and MEISEL disclose a method as in Claims 13, 44 above. Neither
explicitly teaches calculating an amount owed by an advertiser associated with an advertisement
based on the advertisement meeting a performance parameter associated with the morphing
advertisement, wherein the performance parameter is determined based on user activity
associated with the second display format, or based on user request to view the second display
format.

However PETROPOULOS teaches tracking user behavior pertaining to the second
display format (i.e. a performance parameter is met as to the morphing ad and/or second display
format) ([0042]:" functional attributes of preview window include the use of a scroll bar,
hyperlinks that a user can mouse over or click on which would result in a call to the referenced
page";[0073]; also see ([0026], preview information include URLs as links; [0054]: menu or
control system for controlling the function of the available preview functions).

Further Meisel teaches billing advertisers based on their bids (abstract).

Thus it would have been obvious to a PHOSITA, in the PETROPOULOS and MEISEL
system, to bill the advertiser (or calculate an amount owed by an advertiser as claimed) when an
end user interacts with (e.g. by clicking) the morphing ad and the second display format of the
system (i.e. based on the morphing advertisement meeting a performance parameter as claimed)
in order to collect revenues for the ad service.

Claims 22, 53:

PETROPOULOS and MEISEL disclose a method as in Claims 21, and 52 above.
Neither explicitly teaches the billing is based on the user activity comprising a predetermined
period of time viewing the second display format. However Petropoulos further discloses
wherein the user activity comprises a predetermined period of time viewing the second display
format ([0042], user can dynamically control the duration of the preview window visibility, see
also [0073-75], user's use of preview information monitored including the length of each
preview, a long duration indicates high relevancy to a particular result). Further billing an

advertiser for an amount of time the user interacts with an advertisement is old and well-known at invention time (e.g. see Faber, US 20050114210 , at [0070]). Thus in the system of PETROPOULOS and MEISEL, it would have been obvious to a PHOSITA to charge advertisers based on a predetermined time of user interaction (as is well-known) and which can be tracked as taught by PETROPOULOS for the purpose of billing based on this well-known measurable value basis.

Claims 24, 55:

PETROPOULOS and MEISEL disclose a method as in Claims 21, and 52 above. Neither PETROPOULOS or MEISEL teaches the user activity comprises a predetermined number of user selections of menu options, navigational links or other controls available in the second display format. However Petropoulos discloses wherein the user activity comprises a predetermined number of user selections of the one or more menu options available in the second display format ([0026], preview information include URLs, with respect to URLs used as preview information these URLs will function as links, see also [0054], user may initiate a menu or control system for controlling the function of the available preview functions).

Thus in the system of PETROPOULOS and MEISEL, it would have been obvious to a PHOSITA to charge advertisers based on all the user behaviors cited above which can be tracked in PETROPOULOS for the purpose of billing based on specified user behavior which may indicate different levels of interaction with the morphing ad and/or second display format which may be of different values to the advertisers.

14. **Claims 29-32, 61-63 are rejected under 35 U.S.C. 103(a) as being unpatentable over PETROPOULOS in view of Meisel and further in view of Telagon, US 20030135460.**

Claims 29-32, 61-63:

PETROPOULOS discloses a method as in Claims 28, 34 above and MEISEL further discloses an ad priority scheme based on bid prices (see discussion at paragraph 13 above) thus the combination of PETROPOULOS and MEISEL discloses the steps of: storing a price parameter value in association with one or more advertisements when the advertisement meets one or more performance parameters with respect to the end user; upon receiving a request for an advertisement, determining one or more advertisements to deliver , in a priority scheme, based at least in part on the price parameter associated with a plurality of advertisements associated with the subject matter of interest; and wherein the step of determining includes assessing whether to deliver a morphing advertisement based on the price parameter of the morphing advertisement (citations and discussion at paragraph 13 above).

PETROPOULOS and MEISEL do not disclose delivery of the morphing advertisement is also based on:

"the price parameter value of at least one other advertisement and at least one area-based parameter" ; or

further "wherein the area-based parameter comprises the price parameter value of at least one advertisement that the second display format would cover upon user request"; or

wherein the morphing advertisement may cover one or more other advertisements, the price parameter value associated with each other advertisement that the second display format covers plus a premium amount.

However Telagon, in a system for valuing and placing ads, teaches the concept that an advertiser paying more should have more exposure within a limited ad space ([0039]; [0045]). Telagon gives the example that if there are 6 ad segments or displays available within an ad space, an advertiser bidding $20 while four others bid $10 dollars each, should get two/sixth of the available ad segments [0045].

Thus Telagon teaches the ad price is directly proportional to the ad space covered by the ad i.e. proportional to the real estate used by the ad. Thus it would have been obvious to a PHOSITA to add this concept taught by Telagon to PETROPOULOS and MEISEL in order to fairly price the advantage given to an expanding ad that covers other ads. It would further have been logical and thus obvious that if an ad, e.g. ad #1, should expand and cover another ad (e.g. ad#2) then that ad #1, would also have to pay, in addition to its own bid price, the price that ad #2 would otherwise have fetched, because of the benefit to ad #1 and the detriment to ad #2. By the same token if further expansions of ad#1 are requested thus covering other ads (e.g. ad#3 to ad #n), it would have been further obvious to a PHOSITA, that the charge to ad #1 should and could be increased to cover the bids of ad#3 to ad #n , again because of the benefit to ad #1 and the detriment to ad #3 to ad #n. (Also since duplication of parts has been held obvious, here, duplication of charges for ad #3 to ad #n would have been obvious as mere duplications of charges of ad #2).

Further it is well-known parties to a contract can agree to any contractual terms, including compensation terms, for any purpose. Thus to add a premium as claimed would have been an obvious matter of design choice, only subject to agreement by the parties, for the purpose, e.g. to make a better profit for the ad service.

Conclusion

15.   The prior art made of record and not relied upon is considered pertinent to applicant's disclosure.

Patel US 20040103024 discloses a continuous transactional exchange for electronic advertising. The system customizes paid advertising, enabling dynamic pricing and price

discovery; extensive real-time tracking which supports a hybrid pay for performance model as well as a process for multi-stage optimization. Compensation for publishers vary and is based on advertisers' offers. Advertisers, test different creative ads, and/or try a variety of different incentive levels (i.e. pricing schemes) ([0051]).

Rebane et al., US 20040088241, discloses automated bidding system, bidding strategies to maximize ROI, scalable solution for selecting proper keywords and bids; estimation of arrival or click-thru rates for each keyword or category of keywords as a function of their display ranks on the source site.

Culiss US 6182068 discloses ranking ads/ search results based on monitoring search activities and profiles of previous and future users.

Colace US 6826572 discloses interface with search term suggestion tool and current bid tool identifying the top forty bids for the search term.

16.   Any inquiry concerning this communication or earlier communications from the examiner should be directed to Khanh H. Le whose telephone number is 571-272-6721. The Examiner can normally be reached on Monday-Friday 9:00-6:00.

If attempts to reach the Examiner by telephone are unsuccessful, the Examiner's supervisor, James W. Myhre can be reached on 571-272-6722. The fax phone numbers for the organization where this application or proceeding is assigned are **571-273-8300** for regular communications and for After Final communications. Any inquiry of a general nature or relating to the status of this application or proceeding should be directed to the receptionist whose telephone number is 571-272-3600. For patent related correspondence, hand carry deliveries must be made to the Customer Service Window (now located at the Randolph Building, 401 Dulany Street, Alexandria, VA 22314)..

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see http://pair-direct.uspto.gov. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

January 21, 2009
/Khanh H. Le/
Examiner, Art Unit 3688